Preparing for

HIPAA:

The MDCH Perspective

Michigan Department
of Community Health

MDCH

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What is
HIPAA?

What is HIPAA ?

- HIPAA is the Health Insurance Portability and Accountability Act of 1996. Section 264 of HIPAA includes administrative simplification provisions that require the implementation of **national standards** to **regulate** and **protect electronically maintained or transmitted individual health information**.

- Improved healthcare delivery by standardizing the electronic data interchange for:
  - patient health
  - administrative
  - financial

- Protects health data confidentiality and security:
  - sets and enforces standards (e.g.,unique identifiers for individuals, employers, health plans, and healthcare providers)
  - sets security standards (e.g.,protecting confidentiality and integrity of individually identifiable health information)

What HIPAA will Accomplish

- Reduce administrative burden to providers and payers

- Reduce administrative cost for providers and payers (a paper transaction costs anywhere from $5 to $15 compared to .$85 to $1.25 for an electronic transaction)

- Create a national standard for electronic transactions enabling easier data sharing, record portability, and automated business processes

- Speed financial transactions resulting in faster payment for services

Who is Affected?

"Covered Entities" include:

- Health Care Providers

    Physicians, dentists, hospitals and "any other person who furnishes or bills and is paid for health care services or supplies in the normal course of business"

- Health Plans

    "An individual or group plan that provides, or pays the cost of, medical care," including Medicare, state Medicaid plans, health insurance, health maintenance organizations, and other government-and-employer-sponsored plans

Who is Affected (cont.)

- Clearinghouses

  "Billing services, re-pricing companies…and 'value-added' networks and switches…"

And their...

- Business Associates

  "A person who on behalf of such a covered entity…performs, or assists in performance of a function or activity involving the use or disclosure of individually identifiable health information"

  "A contract between the covered entity and the business associate must establish the permitted and required uses and disclosures of such information by the business associate"

Who is Affected (con't.)

- All payers will have to accept and respond to HIPAA compliant electronic transactions.

- All providers who submit electronic transactions will have to do so in a HIPAA compliant format.

Information Covered by HIPAA

According to PL 104-191, section 1171, health information:

"relates to the past, present or future physical or mental health or condition of an individual; or the past, present or future payment for the provision of health care to an individual"

and is

"created or received by a health care provider, health plan, public health authority, employer, life insurer, school or university, or health care clearing house"
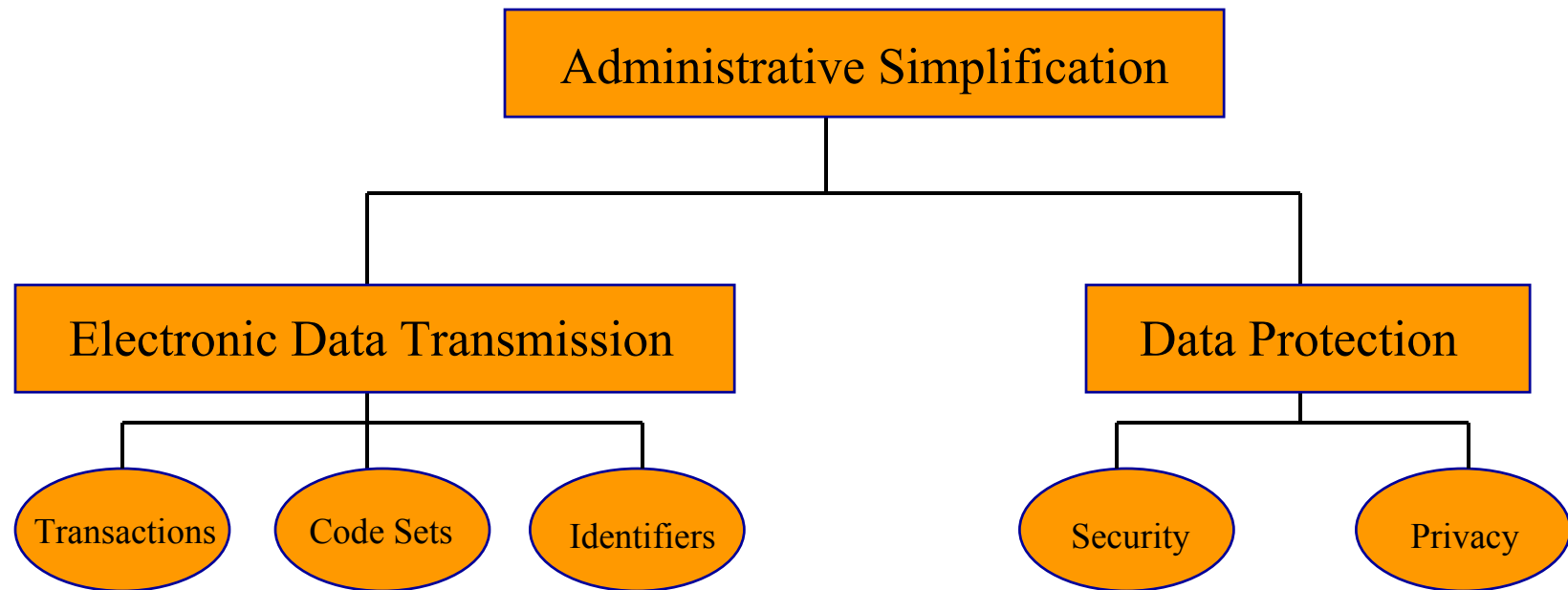
What Transmissions Must Comply?

All electronic transmissions from one computer to another plus all media including:

- Magnetic tape
- Disk
- CD -ROM
- Internet transmissions
- Intranets
- Leased lines
- Dial-up lines
- Private networks

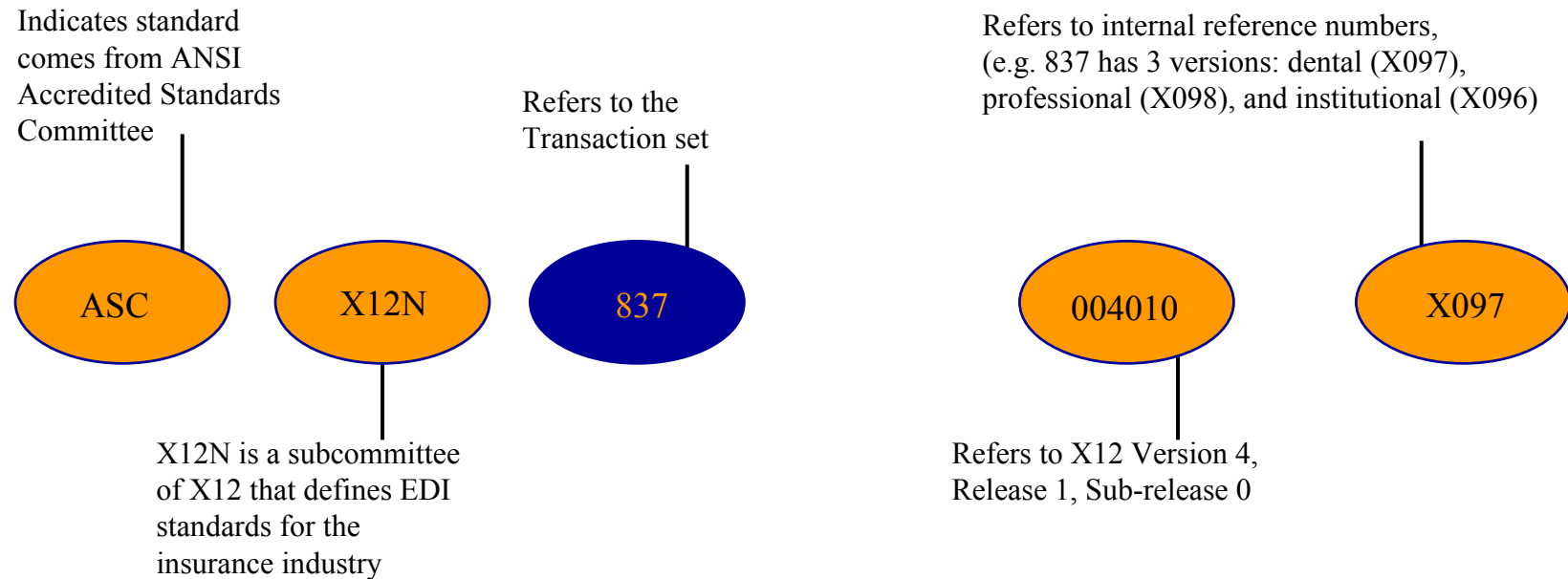# HIPAA Mandated Standards

Electronic Transaction Benefits

Electronic transactions provide significant benefits compared with paper transactions

- Pre-edit for common errors

- Reduce delays caused by scanning and re-keying

- Accelerate delivery via secure networks

- Provide positive acknowledgement of receipt

- Eliminate costs of handling and storing paper documents

Decoding the Transaction Standards

Indicates standard
comes from ANSI
Accredited Standards
Committee

Refers to the
Transaction set

Refers to internal reference numbers,
(e.g. 837 has 3 versions: dental (X097),
professional (X098), and institutional (X096)

ASC   **X12N**   **837**   **004010**   **X097**

X12N is a subcommittee
of X12 that defines EDI
standards for the
insurance industry

Refers to X12 Version 4,
Release 1, Sub-release 0

The Electronic Transactions
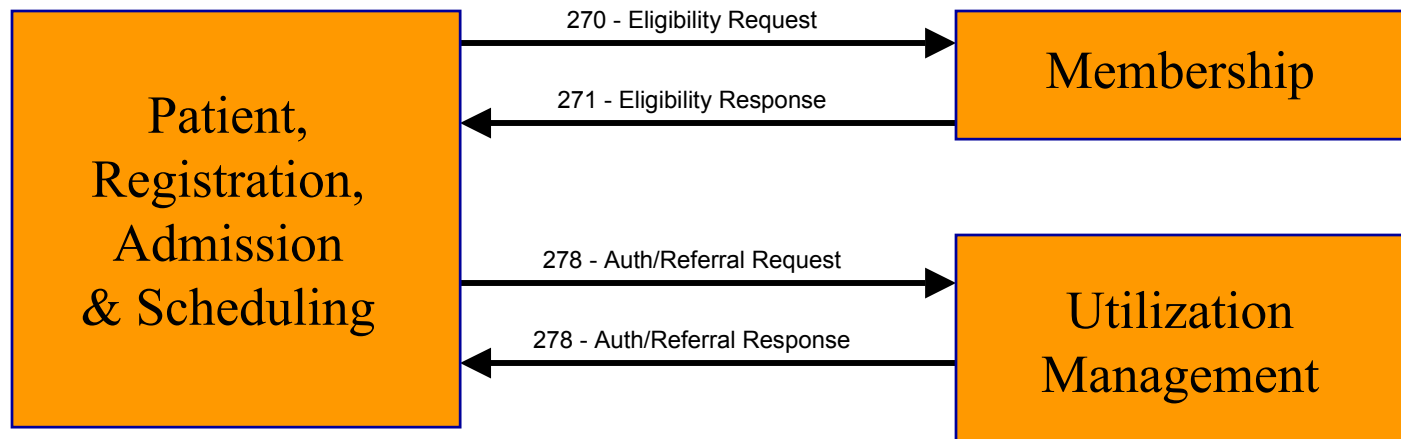
837	Institutional Claims and Encounters
837	Professional Claims and Encounters
837	Dental Claims and Encounters
837	Drug Claims (NCPDP v3.2 for retail pharmacy)
835	Claim Payment and Remittance Advice
276	Claim Status Request
277	Claim Status Response

270	Eligibility Request
271	Eligibility Response
837	Coordination of Benefits (COB) NCPDP telecommunications standard v3.2
834	Enrollment and Disenrollment
278	Referral Authorization (request)
278	Referral Authorization (response)

Transactions: Prior to Service

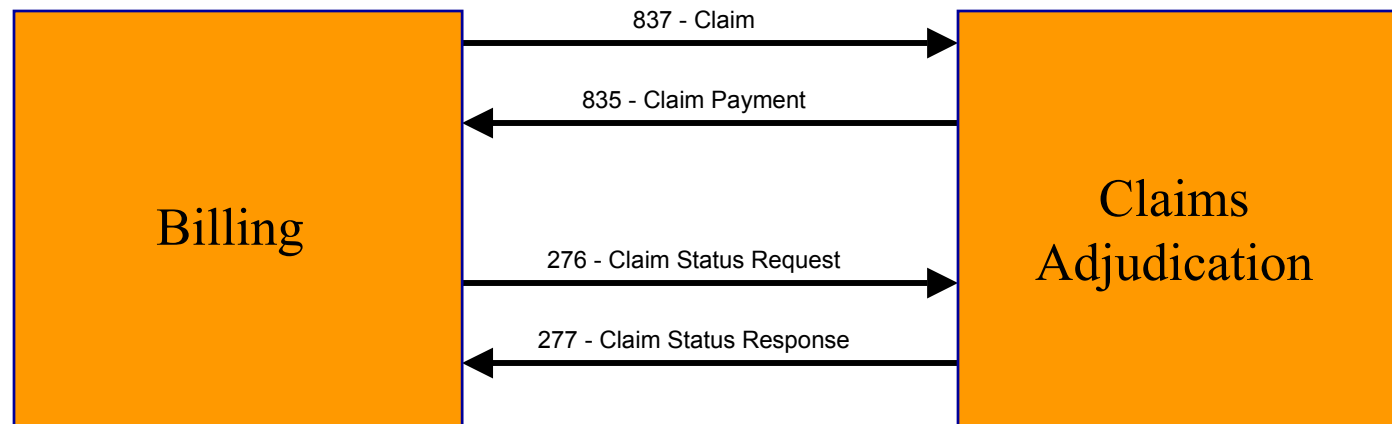| Patient, Registration, Admission & Scheduling | 270 - Eligibility Request → | Membership |
	← 271 - Eligibility Response	
	278 - Auth/Referral Request →	Utilization Management
	← 278 - Auth/Referral Response	

Health Care Providers   **Health Plans**

Transactions: Claim-related

Health Care Providers   Health Plans

Transactions: Managed Care

Sponsor		Health Plans
Human Resources	→ 834 - Enrollment →	**Member Enrollment**
Accounts Payable	→ 820 - Premium Payment →	**Accounts Receivable**
Statistics	← 837 - Encounter ←	**Claims Adjudication**

Sponsor   Health Plans
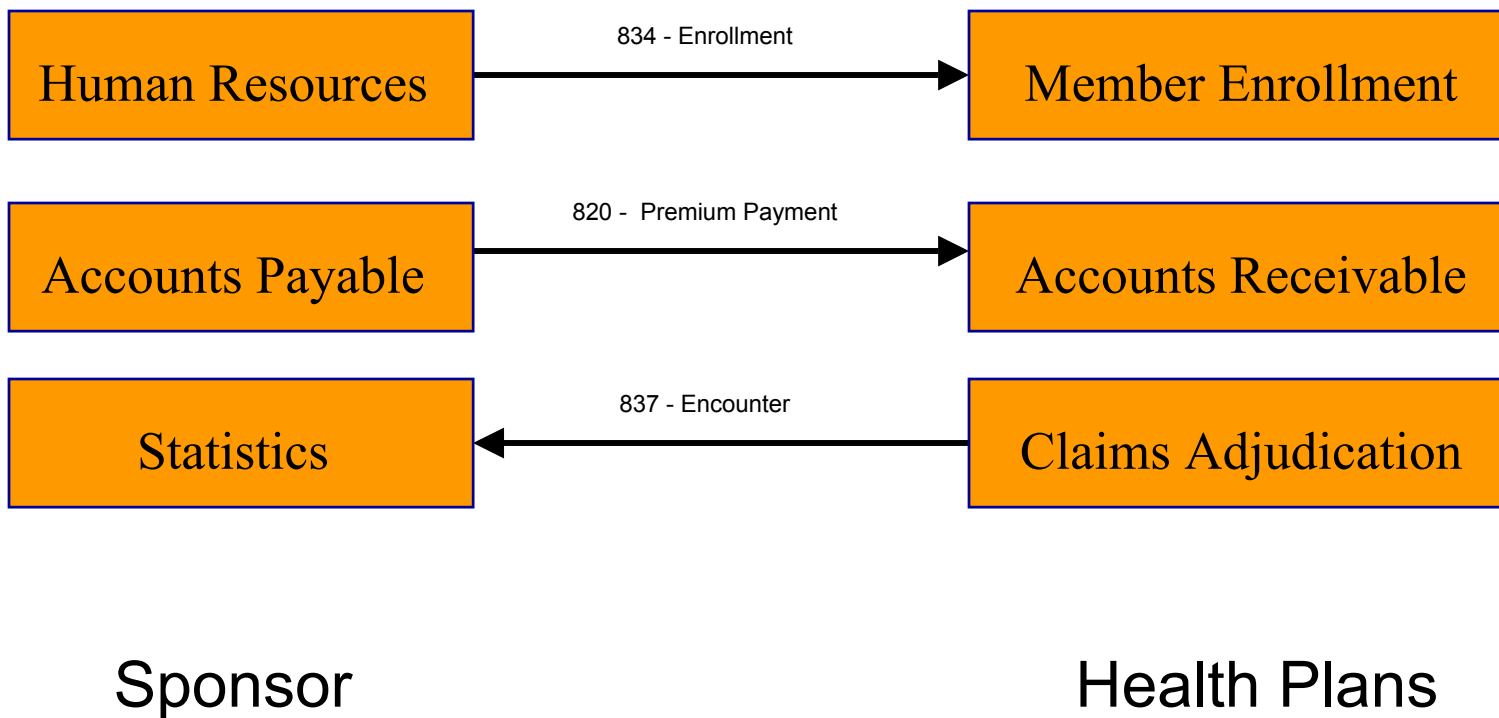
The Code Sets

- CPT-Physician services

- CDT-Dental Services

- NDC-Drugs

- ICD-9-CM Vol. 3, Codes Inpatient Hospital until ICD-10-CM & ICD-10-PCS are ready

- HCPCS Level III codes be assigned nationally

- HCPCS removal of CDT and drug codes from HCFA

- There may be need for specialized codes for nursing services, home health, etc...

The MDCH

HIPAA Compliance Plan

Michigan Medicaid Information System

- The Department of Community Health is the single state agency for Medicaid and operates its own Management Information System (Michigan is only one of six state's to do so). DCH makes continual updates to its MMIS system

- MDCH has undertaken this large multi-year project to convert the MMIS to be HIPAA compliant

- MDCH has contracted with outside consultants to ensure MMIS is HIPAA compliant

- MDCH has contracted with outside consultants to educate providers through outreach efforts

Preparing for HIPAA:
MDCH's Uniform Billing Project

Michigan's Governor mandated Uniform Billing for the state's Medicaid Program. The new system simplified the old billing process; adopted standard healthcare industry claim formats and code sets; and was the first step toward HIPAA compliance.

The project included:

- Replacing all proprietary DCH claim formats with industry standard formats (HCFA 1500 and UB92 for paper and their electronic equivalents)

- Working with affected associations and provider groups to communicate the changes

- Training thousands of billers and reimbursement specialists and preparing them for conversion

- Testing claims

MDCH's Uniform Billing Project Accomplishments

- Multi-Payer Coordination Established - April 2001

- Outreach to Providers Established - June 2001

- Review of Local Codes Initiated - June 2001

- EDI Translations Software Procured, Installed and Tested - June, 2001

- 837 Professional Claim in Production - August 2001

- 837 Institutional Claim in Production - February 2002

Preparing for HIPAA: Uniform Billing Project Conversion Schedule

- July 2000
  - Dentists

- October 2000
  - Hospitals – Out-patient

- August 2001
  - Physicians
  - Certified Nurse Midwives
  - Chiropractors
  - Community Mental Health Service Providers
  - Laboratories
  - Medical Clinics
  - Optometrists
  - Physical Therapists
  - Ambulance Providers
  - Certified Registered Nurse Anesthetists
  - Clinical Lab Providers
  - School Based Service Providers
  - Family Planning Clinic Providers
  - Maternal & Infant Support Service Providers
  - Optical Companies
  - Oral Surgeons
  - Podiatrists

Preparing for HIPAA: Uniform Billing Project Conversion Schedule

- February 2002
    - Community Mental Health Service Providers
    - Federally Qualified Health Centers
    - Hearing & Speech
    - Home Health
    - Hospice
    - Medical Suppliers
    - Orthotics & Prosthetics
    - Rural Health Clinics
    - Tribal Health Centers

- October 2002
    - Nursing Facilities

MDCH HIPAA Compliance Plan

- Coordinate with Blue Cross Blue Shield (BCBSM) and other large payers

- Implement electronic transactions incrementally

- Implement key transactions (claims and remittance) first:
  - 837 (Professional, Institutional, Dental claims)
  - 835 (Payment and Remittance Advice)

- Strongly encourage electronic claims and remittance
  - Cuts payment cycle in half
  - Reduces data entry errors (key stroke and/or scanning)

MDCH Plan - Education

- Work with provider associations to ensure successful conversion

- Provide education and outreach to associations and their members

- Provide a HIPAA primer at www.healthcare.mivu.org

MDCH Plan - Timeframe

- Eliminate all proprietary claim formats by October 1, 2002 (complete the Uniform Billing Project)

- Begin to accept key HIPAA compliant transactions October 1, 2002
  - 837 version 4010, Professional, Institutional, and Dental claims
  - 837 version 4010, Encounter Transactions

- Begin to Transmit
  - 835 Payment and Remittance Advice

- Begin testing HIPAA compliant transactions July 1, 2002
  - Claims, Encounters and Remittance Advice Transactions as listed above

- Begin testing remaining HIPAA compliant transactions no later than April 1, 2003

- Accept only HIPAA compliant transactions and codes October 1, 2003

What Providers should do

Bottom Line

- The federally mandated compliance date is October 16, 2003. If you do not comply with HIPAA transaction and code set guidelines, MDCH cannot accept or pay your claims.

- If you do not submit your own claims, you must partner with a HIPAA compliant clearinghouse. MDCH cannot accept and pay your claims if your clearinghouse is not HIPAA compliant.

- MDCH is encouraging all clearinghouses to become HIPAA compliant certified. It is your responsibility to make sure your clearinghouse vendor has a plan in place for HIPAA compliance. That plan should include certification.

- Since this is a federal mandate all payers will have similar rules. Be sure to check with other payers including BCBS, Medicare, and others for details about their implementation and testing schedule.

Clearinghouse Certification - Claredi

- Claredi has a process to certify clearinghouses for HIPAA compliance. DCH is encouraging all clearinghouses to become HIPAA compliant and have a plan to become certified.

- Claredi simplifies the compliance process by allowing the players in the health care arena to test their ability to initiate and receive HIPAA compliant transactions.

- Claredi provides an independent, credible certification of the test result.

- Claredi is available via web interface; dial-up; on site with a PC.

More Information
& Help

For More Information

- Contact your association

- Visit the Michigan Department of Community Health web site www.michigan.gov/mdch
  - click on "Providers"
  - click on "Information for Medicaid Providers"
  - click on "Michigan Medicaid Uniform Billing Project"

- Call the Michigan Department of Community Health Provider Hotline
  1-800-292-2550

- E-mail MDCH: providersupport@michigan.gov

- Visit www.mihealth.org for a complete details including updated questions & answers

Other Useful Web Resources

Try these national resources:

- http://aspe.os.dhhs.gov

- http://www.nchica.org

- http://www.wpc.wpc-edi.com

- http://www.wedi.org

- http://ahima.org

Copies of the x12N implementation guides can be downloaded from the Washington Publishing Company web site at http://www.wpc-edi.com/hipaa/

Information about obtaining the implementation guide for the NCPDP standard is available from their web site at http://www.ncpdp.org.

Contact Information

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